

Message Text

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ACTION SCSE-00

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FM AMEMBASSY NAIROBI

TO SECSTATE WASHDC 4512

UNCLAS NAIROBI 7964

E.O. 11652: N/A

TAGS: EFIN KE

SUBJ: INCOME TAX EXEMPTION FOR SHIPOWNERS

1. EMBASSY HAS RECEIVED THE FOLLOWING INQUIRY FROM LAWYER CURRENTLY INVOLVED IN TAX CASE BETWEEN AMERICAN CITIZEN AND EAST AFRICAN COMMUNITY.

2. SECTION 883 OF THE UNITED STATES INTERNAL REVENUE CODE - (EXCLUSIONS FROM GROSS INCOME) PART (A), (INCOME OF FOREIGN CORPORATIONS FROM SHIPS AND AIRCRAFT), PARAGRAPH (1) SHIPS UNDER FOREIGN FLAG) STATES: EARNINGS DERIVED FROM THE OPERATION OF A SHIP OR SHIPS DOCUMENTED UNDER THE LAWS OF A FOREIGN COUNTRY WHICH GRANTS AN EQUIVALENT EXEMPTION TO CITIZENS OF THE UNITED STATES AND TO CORPORATIONS ORGANIZED IN THE UNITED STATES.

ITEM 21 OF HEAD A TO PART I OF THE FIRST SCHEDULE TO THE EAST AFRICAN INCOME TAX MANAGEMENT ACT 1958 STATES: GAINS OR PROFITS OF A NON-RESIDENT PERSON WHO CARRIED ON THE BUSINESS OF SHIPOWNER, CHARTERER OR AIR TRANSPORT OPERATOR FROM SUCH BUSINESS WHERE THE COUNTRY IN WHICH SUCH NON-RESIDENT IS RESIDENT EXTENDS A SIMILAR EXEMPTION TO SHIPOWNERS, CHARTERERS AND AIR TRANSPORT OPERATORS WHO ARE NOT RESIDENT IN SUCH COUNTRY BUT WHO ARE RESIDENT IN THE PARTNER STATES (TANZANIA, KENYA AND UGANDA).

3. AS EACH REFERS TO GRANTING OF EXEMPTION FROM INCOME TAX
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TO SHIPOWNERS WHERE THE EXEMPTION IS RECIPROCAL BY A FOREIGN

COUNTRY, POST WOULD APPRECIATE ANSWERS TO THE FOLLOWING
QUESTIONS:

A. DOES THERE PRESENTLY EXIST A SPECIFIC AGREEMENT PRO-
VIDING FOR SUCH MUTUAL EXEMPTION BETWEEN THE UNITED
STATES AND KENYA?

B. DOES THE COMBINED WORDING OF SECTION 883 AND ITEM 21
BY INDICATING AN INTENT TO PROVIDE FOR MUTUAL EXEMPTION
MAKE A SPECIFIC AGREEMENT UNNECESSARY?
LINDSTROM

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Message Attributes

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Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
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Drafter: n/a
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